

Message Text

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PAGE 01 ROME 01517 252244Z

ACTION EB-08

INFO OCT-01 AF-10 EUR-12 EA-10 ISO-00 SOE-02 AID-05
CEA-01 CIAE-00 COME-00 DODE-00 DOE-11 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
OES-07 SP-02 SS-15 STR-06 TRSE-00 ACDA-12 NRC-05
/140 W

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R 251707Z JAN 78

FM AMEMBASSY ROME

TO SECSTATE WASHDC 143

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PRETORIA

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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FOR USEEC AND IAEA

E.O. 11652: N/A

TAGS: ENRG, IT

SUBJECT: WORLD NATURAL URANIUM MARKET

REF: STATE 7629

1. IN ITALY, ENEL (NATIONAL ELECTRIC POWER AGENCY)
PURCHASES URANIUM EITHER (1) THROUGH DIRECT PURCHASE
FROM THE PRODUCERS OR (2) VIA AGIP NUCLEARE (A SUBSIDIARY
OF ENI - FORMERLY THE STATE HYDROCARBONS AGENCY AND NOW
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PAGE 02 ROME 01517 252244Z

RESPONSIBLE FOR ALL FUELS), AGIP NUCLEARE IN TURN
PURCHASES (1) URANIUM FROM AGIP MINERARIA (AN AFFILIATED
COMPANY), WHICH HAS MINING OPERATIONS IN A NUMBER OF
COUNTRIES OR (2) ENRICHED URANIUM (E.G. FROM U.S.A.).
UP TO NOW, ENEL AND/OR AGIP NUCLEARE HAVE DIRECTLY
NEGOTIATED THE TERMS OF THE PURCHASE CONTRACT. IN THE
FUTURE, ALL PURCHASE WILL REQUIRE GOVERNMENT APPROVAL,

I.E. FROM THE MINISTRY OF FOREIGN AFFAIRS.

2. SINCE 1970, THE PRINCIPAL SOURCES OF U308 HAVE BEEN THE UNITED STATES, ZAMBIA, NIGERIA, BOLIVIA, CANADA AND AUSTRALIA. THE BULK OF PURCHASES HAVE BEEN MADE FROM CANADA, NIGERIA AND THE UNITED STATES. TOTAL AGIP NUCLEARE PURCHASES IN THE 1977-81 PERIOD ARE ESTIMATED TO BE:

1977 1978 1979 1980 1981

U308 (METRIC TONS) 1361 1142 1140 1118 951
FABRICATORS

3. FUEL AND URANIUM CONVERTERS ARE NOT DIRECT PURCHASERS OF U308.

4. ALL U308 PURCHASES ARE MADE UNDER LONG TERM CONTRACTS SINCE UP TO NOW NUCLEAR POWER PLANT REQUIREMENTS HAVE BEEN MINIMAL. SPOT MARKET PURCHASES MAY BECOME NECESSARY IN THE FUTURE HOWEVER AS DEMAND FOR U308 INCREASES.

5. THE FOLLOWING TABLE OUTLINES THE CURRENT AND PROJECTED U308 STOCKPILES HELD BY AGIP NUCLEARE AS WELL AS STOCKPILES OF ENRICHED URANIUM. THE TABLE TAKES INTO ACCOUNT ONLY CURRENT CONTRACTS (INCLUDING SALES TO ENEL). STOCKPILE LEVELS ARE THEREFORE SUBJECT TO CHANGE LIMITED OFFICIAL USE

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PAGE 03 ROME 01517 252244Z

AS NEW PURCHASE CONTACTS ARE SIGNED OR AS ENEL'S NEED FOR NUCLEAR FUEL INCREASES. THE DRIVING FORCE TO DATE IN DETERMINING PURCHASES IS PROBABLY NOT THE NEEDS OF THE NUCLEAR POWER PROGRAM WHICH ARE HIGHLY UNCERTAIN BUT RATHER THE EXISTENCE OF ENRICHMENT SERVICE CONTRACTS. WE HAVE REASON TO BELIEVE THAT AGIP-NUCLEARE MAY HAVE DIFFICULTY MEETING ITS OBLIGATIONS UNDER THESE CONTRACTS IN THE EARLY 1980S. IN THIS REGARD, IT SHOULD BE NOTED THAT THE U.S. HAS PLEDGED TO FFER SPECIFIC TYPES OF ASSISTANCE ON A SHORT-TERM AND LONG-TERM BASIS SHOULD ITALY ENCOUNTER A SHORTAGE OF NAUTRAL URANIUM AFTER MAKING A REASONABLE EFFORT TO LOCATE A SUPPLY.

U308 (METRIC TONS)

1977 1978 1979 1980 1981 1985

BEGINNING STOCK	798	2034	3051	4066	5059	8308
NET ADDITIONS	1236	1017	1015	993	951	673
PURCHASES	1361	1142	1140	1118	951	673
LESS ENEL USE	125	125	125	125	--	--
STOCK (YEAR END)	2034	3051	4066	5059	6010	8981

ENRICHED URANIUM (.3548: 59,)

STOCK (YEAR END) 151 229 336 693 1011 2331

FUEL ASSEMBLIES

NEGLIGIBLE

6. IN ADDITION TO THE NUCLEAR STOCKPILES HELD BY AGIP
NUCLEARE, ENEL HAS PURCHASE CONTRACTS FOR APPROXIMATELY
6000 METRIC TONS OF U308 FOR DELIVERY UP TO 1990.
THE EXACT STOCKPILE LEVEL HELD AT ANY ONE TIME BY ENEL
WILL DEPEND ON THE DRAWDOWN OF STOCKS FOR USE IN
NUCLEAR REACTORS CURRENTLY IN OPERATION OR UNDER PLANNED
CONSTRUCTION. CONSEQUENTLY, IT IS DIFFICULT TO
PROJECT THE ACUTAL STOCKPILE LEVEL UNTIL MORE DEFINITE
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PAGE 04 ROME 01517 252244Z

INFORMATION ON THE NUCLEAR PWER PROGRAM IS
AVAILABLE. GARDNER

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Message Attributes

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